

White Paper

June 22, 2006 Draft

CATEGORY: Grant Ceiling Amounts

ISSUE: Should grant ceiling amounts be changed?

BACKGROUND

The grant ceiling amounts for activity projects are set by rule WAC 173-95A-030 (6) as follows:

(b) Grants for activities projects made under the centennial program are subject to ceiling amounts of:

(i) Five hundred thousand dollars if the match for the grant is entirely in the form of cash; or

(ii) Two hundred fifty thousand dollars if any part of the match is in the form of in-kind goods and services.

We are considering a change in this formula because grant funds are declining which leaves many deserving projects unfunded. In FY2007, only 18 activities projects were grant funded. There were 16 activities projects with scores over 600 that we could not fund because the grant money ran out. The ideal answer, of course, would be to get more grant money from the state legislature. Lacking that, we could help address this problem by lowering the ceiling amount available for each project.

Many applicants plan their projects to use up the maximum funding available. For those using in-kind match, \$250,000 grant requests for \$333,333 projects are common. These applicants would probably just plan smaller projects in response to a lower ceiling, such as \$200,000. Where project costs are not flexible, applicants would have to find other sources of funding to help pay for their projects. This would have the same affect as increasing the amount of match provided by the recipients. Applicants would also be encouraged to provide cash match to be eligible for a higher grant maximum.

Given that prices are always increasing, even with our low rates of inflation, it would be difficult to make grant ceilings dramatically lower than they are now. But even a \$50,000 decrease in the ceiling for projects using in-kind match could allow several more projects to be funded. For projects using cash match, only one or two applicants a year currently request the full \$500,000 that is currently available. So, a \$100,000 decrease in the maximum would have little impact on applicants, but could free up enough money to pay for one more project.

QUESTION

Should we decrease the grant ceilings for activity projects from \$250,000/\$500,000 (in-kind match/cash match) to \$200,000/\$400,000?

Pros:

- The decreased grant ceilings will spread the money around to more projects.
- The decreased grant ceiling for in-kind match would encourage some recipients to use an all cash match, which could be used to match Ecology's 319 grant from EPA.
- Few cash match grants use the full \$500,000 anyway, so the reduction in the upper ceiling would have little impact on recipients.

Cons:

- Costs have increased considerably since the current grant ceilings were established.
- Smaller grants would result in smaller, potentially less effective projects.

RECOMMENDATION

Lower the ceiling amounts to \$200,000 and \$400,000. Any grant at or below \$200,000 would be eligible for cash, interlocal and in-kind match; and any grant above \$200,000 and up to \$400,000 would be eligible for cash and interlocal match only.

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